

COMMITTEE ON GOVERNMENT REFORM

TOM DAVIS, CHAIRMAN



MEDIA ADVISORY

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Government Reform Committee to Review

National Guard Pay Problems

*DoD to Discuss Improvements, National Guard Unit Commander to Offer
First-Hand Account of Pay Woes*

**What: Government Reform Committee oversight hearing:
“Avoiding ‘Financial Friendly Fire’: A Review of Efforts to Overcome Army
National Guard Pay Problems”**

When: JANUARY 28, 2004, 10 a.m

Where: ROOM 2154, RAYBURN HOUSE OFFICE BUILDING

Background:

The purpose of the hearing is to assess the overall effectiveness and efficiency of the Army National Guard pay systems, and learn about the current status of Department of Defense (DOD) efforts to mitigate troublesome payroll problems.

The traditional concept of Guardsmen serving one weekend a month and two weeks a year to perform state disaster relief and train for federal service was shattered after September 11, 2001. Today, members of the Army National Guard fight side by side with regular armed forces members in combat throughout the world. Approximately 100,000 Army National Guard members are currently called to active duty (under Title 10, United States Code) for mobilization to Iraq and Afghanistan. Since 9/11, close to 140,000 have seen action in Operation Enduring Freedom, Operation Noble Eagle and Operation Iraqi Freedom. As of today, 21 Army National Guard personnel have lost their lives in service to our country. The nation has and will continue to rely heavily on the National Guard to fulfill missions to support the regular armed forces in combat, to protect the homeland, and to support emergency and security response for each state.

With all that we expect of the Guard, the importance of ensuring that each member receives accurate and timely pay and allowances for job performance and risk of life cannot be understated.

At the Committee's request, in November 2003, the General Accounting Office (GAO) released the report *Military Pay: Army National Guard Personnel Mobilized to Active Duty Experienced Significant Pay Problems* (GAO-04-89). According to the report, the existing processes and controls used to pay mobilized Army National Guard personnel are "so cumbersome and complex that neither the Army, the Defense Finance and Accounting Service, nor most importantly the soldiers, can be reasonably assured of receiving timely and accurate payments." These pay problems have had a profound financial impact on soldiers and their families.

The General Accounting Office audited six Army National Guard units from California, Colorado, Maryland, Virginia, Mississippi, and West Virginia. GAO found the military pay process was not well understood or consistently applied to make timely and accurate pay to mobilized soldiers. Other weaknesses identified by GAO included inadequate payroll processing training, poor customer service to answer questions and correct pay problems, and non-integrated pay systems.

Specifically, GAO found:

- California Army National Guard-Military Police experienced delays in active duty pay for up to three months;
- Colorado and Virginia Army National Guard-Special Forces units were inaccurately paid and then erroneously assessed overpayment debts averaging \$47,000 and \$48,000 per individual respectively;
- Injured soldiers from the Virginia National Guard-Special Forces who served in Afghanistan were denied active duty pay and medical benefits when demobilization orders were not processed; and
- Mississippi National Guard-Military Police were mistakenly paid two types of hardship duty pay while serving in Guantanamo Bay, Cuba.

On October 29, 2003, the Office of the Secretary of Defense committed to Chairman Davis and Vice Chairman Shays that the Department of Defense would take concrete steps to resolve the pay and allowance errors for the individual Army National Guard units identified in the GAO report. In addition, the Department prepared an extensive corrective action plan for fixing systemic military pay and allowance problems. The changes, outlined in a letter to the Chairmen, include training and finance classes for pay personnel, better monitoring of those who are on active duty and long-range improvements to the pay systems.

Because of the magnitude of the problems uncovered by the GAO, Chairman Davis and Vice Chairman Shays asked the Office of the Secretary of Defense to provide the Government Reform Committee with periodic updates on department progress in resolving these longstanding military pay and allowance problems. The Acting Assistance Secretary of the Army submitted the first periodic update on December 19, 2003, and the Committee expects to hear about the status of the Army's progress during the hearing.

Improving the Defense Financial Accounting Service and the Department of the Army Pay System is one of several areas of interest for the Committee in its plan to evaluate DOD systems to ensure that the men and women of the National Guard are provided with adequate resources and accurate administration. The Committee has also tasked the GAO to investigate other policies and processes affecting our nation's Guard members. The other GAO studies to be completed this year include:

- Army National Guard and Air National Guard Mission and Readiness;
- Army Reserves Pay System;
- Army National Guard and Reserve Active Duty Medical Readiness;
- Army National Guard Travel Reimbursements; and
- The Department of Defense's Needs and Capabilities for Domestic Military Operations.

WITNESSES

Mr. Ernest J. Gregory, Acting Assistant Secretary of the Army
Financial Management and Comptroller

Mr. Patrick T. Shine, Director, Defense Finance and Accounting Service
Military Pay and Civilian Pay Services

Colonel James L. Leonard, Director, Defense Finance and Accounting
Service, Indianapolis

Lieutenant General Roger C. Schultz, Director of the Army National Guard

Mr. Gregory D. Kutz, Director, Financial Management & Assurance
U.S. General Accounting Office

Mr. Geoff Frank, Assistant Director, Financial Management & Assurance
U.S. General Accounting Office

Mr. John Ryan, Assistant Director, Office of Special Investigations
U.S. General Accounting Office

Major Kenneth Chavez, Unit Commander, B Company, Special Forces, Army National
Guard, State of Colorado